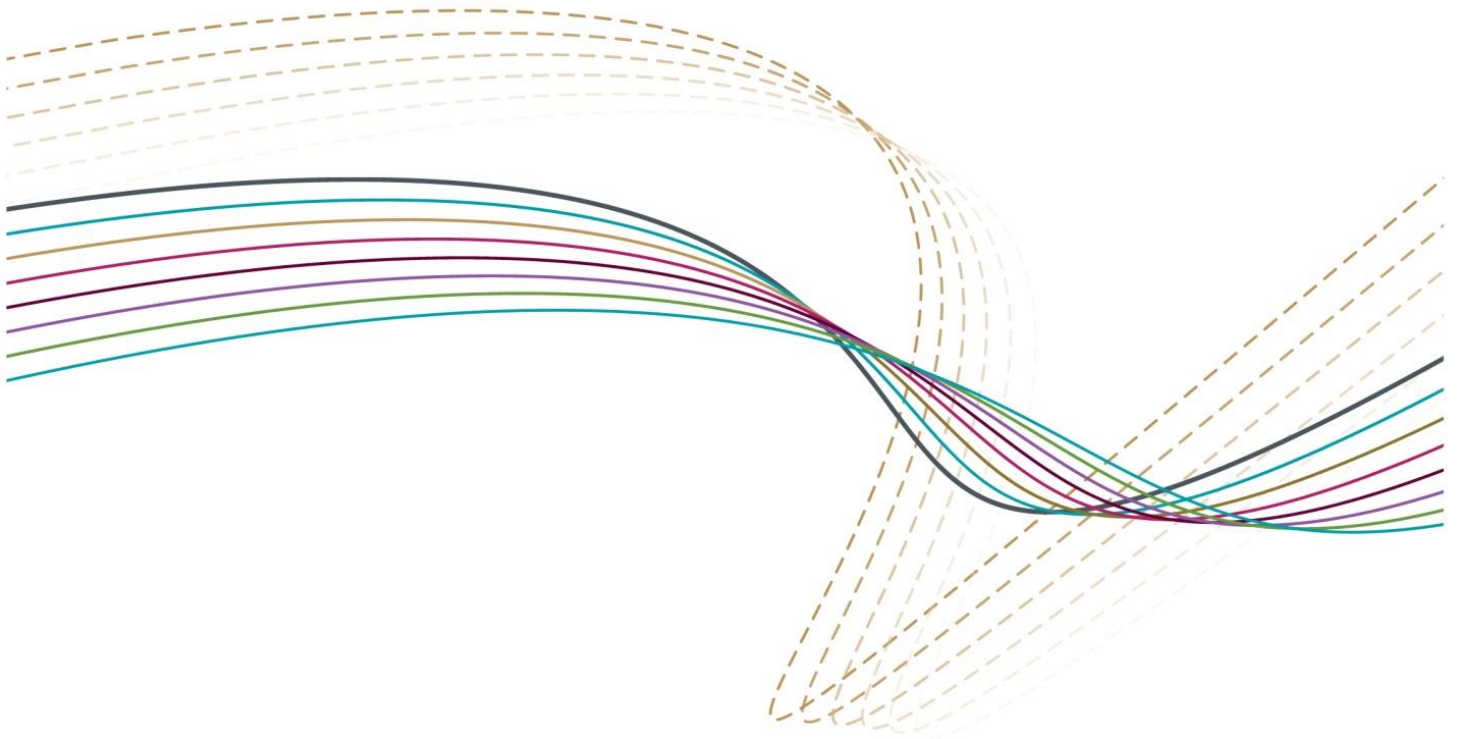


QUEENSLAND TREASURY

Project Commencement Approval policy

Commencement from 1 July 2012



Version	Date	Details
1	June 2012	Release of policy
2 (current)	June 2020	Updated for format only – no policy changes

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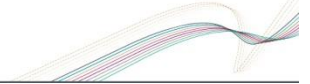
The State of Queensland (Queensland Treasury) Project Commencement Approval policy.

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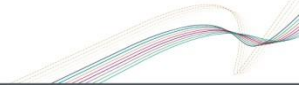
Translating and interpreting assistance

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Purpose of Policy

The purpose of the policy is for Governor in Council (GiC) to approve:

- the commencement of a high value project, and
- any significant increases to the value of such a project.

Scope

This policy is applicable to departments when they are ready to commence a project. Approval to commence a project will occur after the project has been scoped and funding is available/approved. For the purposes of this policy, scoping work undertaken prior to commencing a project may be considered as a separate project.

The policy is applicable to all projects, except:

- projects collaborated with another Queensland Government department, statutory body, Government-owned corporation or other entity controlled by the State, provided the project will not involve contracts with parties external to the Government for performance of the work, and
- projects where the expenditure is directly related to the day to day operational overheads of the department (for example, electricity contracts, the purchase of drugs for use in a hospital or whole of Government license arrangements for existing systems).

Where more than one department is to be involved in a project where the total value of the project is over the thresholds specified (for example, multiple departments contributing to a project or one department acting as an agent to administer the project for another department), the relevant departments are to elect one department to act as the lead agency for the purposes of seeking GiC approval. However, all departments involved in a project must be listed on the Executive Council Minute.

Definitions

For the purposes of this policy the following definitions apply.

A project is a discrete collection of activities to achieve a specified result within a defined timeframe and can comprise of one or more contracts. Generally, a project will be specifically budgeted for within a department and can be a standalone project or a component of an overarching program.

The following fall within the scope of this policy:

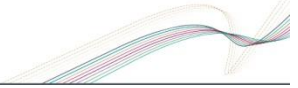
- grants from a department to a single recipient that total over the delegated approval levels, and
- financial guarantees, which have the potential to exceed the specified thresholds, whether captured within a project or as a separate contract.

A contract has the same meaning as it has under common and statute law.

The Minister is the portfolio Minister for the lead agency's function.

Project values are inclusive of GST and based on the most robust estimates available, for example, where applicable, the proposed value should be based on a business case that includes a plan and budget as put forward in the Project Assurance Framework:

- including allowances for options to extend contracts and maximum allowable cost variations based on past experiences and current economic conditions, and
- excluding subsequent maintenance following completion of the project.



Policy Requirements

GiC approval is required to commence a project up to a specific value when the total value of the project is valued over \$10 million¹ (including GST).

The Minister may approve the commencement of a project valued between \$5 million and \$10 million¹ (including GST). The accountable officer or delegate may approve the commencement of a project valued up to and including \$5 million¹ (including GST). The Minister may delegate a higher approval level to the accountable officer, up to the Minister's level of approval.

Approval may be sought:

- for multiple projects within one application, and
- consecutively to the Cabinet Budget Review Committee (CBRC) funding approval (where applicable).

The Executive Council Minute and Explanatory Memorandum templates contained in the Executive Council Handbook are to be used when seeking approval. As a minimum, the Explanatory Memorandum must contain the following information:

- name of the project
- total estimated value of the project
- the name of the department seeking the approval, as well as all departments involved in the project
- a description of the project
- how the project is to be funded (including a CBRC approval decision number, where appropriate), and
- details of major key milestone dates associated with the project, including expected or planned completion timeframe (for example, major stages/phases of completion).

Awarding of and expenditure against contracts / grants / guarantees

Once the commencement of a project has been approved by GiC, the accountable officer or delegate (as per departmental delegations) may award the component contracts, grants or guarantees and authorise related expenditure according to the department's delegations policy, irrespective of the value of the individual contract, grant or guarantee.

Significant Variances

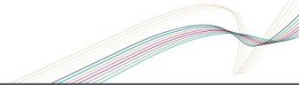
GiC approval must be sought for a variance to the project as soon as there is an indication that a project approved by GiC will exceed the original approved amount by 10% or more. The Minister or delegate is able to authorise variances below 10% of the original approved value.

A significant change to the scope of a project approved by GiC is considered a new project and therefore approval to commence the new project will need to be sought. Determining a significant change in scope will be a matter of judgement for the department. Matters to be considered in this determination would include the degree of change to the nature of a project and changes to the project value.

GiC approval for the project must be sought as soon as there is an indication that a project initially approved by the Minister or accountable officer or delegate for a value of or below \$10 million¹ (including GST) will exceed the \$10 million¹ (including GST) threshold.

The Executive Council Minute and Explanatory Memorandum templates contained in the Executive Council Handbook are to be used when seeking approvals for significant variations. As a minimum, the Explanatory Memorandum must contain the following information:

¹ The threshold amounts are approved by Governor in Council and are subject to change. This policy will be amended periodically to reflect any threshold changes.



- name of the project
- details of any previous consideration by GiC/CBRC (including decision numbers, where appropriate)
- original total amount approved for the project, as well as revised total estimate for the project
- reasons for the variations, and
- how the additional costs are to be funded.

The accountable officer must develop and document an agreed project variance reporting process with the Minister for projects approved by the accountable officer or Minister.

Project Completion

A project is deemed to be complete for the purposes of seeking approvals for variances to GiC when the project is capable of being operated in the manner intended by management. For example, if the project objective was to roll out a new anaesthetic system across all public hospitals, then the project would be complete once the system had been rolled out to all public hospitals and it is able to be used. Ongoing service and maintenance contracts for the anaesthetic system after this period constitute operational overhead contracts rather than a project requiring GiC approval.

Transitional Provision

This policy is effective from 1 July 2012.

- **Previously Approved Contracts**
Any contracts approved pursuant to the requirements specified in Executive Council Minute No. 794 dated 19 November 2009 and not yet completed do not need to be reapproved. Any variations to contracts approved pursuant to Executive Council Minute No. 794 should be actioned as if Executive Council Minute No. 794 had not been revoked, and a Revised Expenditure Executive Council Minute submitted.
- **Previously Approved Projects**
Any project not yet completed whether stand alone or one which consists of a number of components or contracts of which all components or contracts have been approved pursuant to Executive Council Minute No. 794, does not need to be reapproved. Any variations to such projects approved pursuant to Executive Council Minute No. 794 should be actioned as if Executive Council Minute No. 794 had not been revoked, and a Revised Expenditure Executive Council Minute submitted.
- **Partially Approved Projects**
If a project is ongoing and consists of a number of contracts or components and only some of the contracts or components have been approved pursuant to Executive Council Minute No. 794, GiC approval, using a Project Commencement Approval Executive Council Minute, must be sought for the entire project. The contracts or components which have already received approval should be specifically identified. For example, if the department is involved in a \$12 million project and contracts worth \$4 million have already been approved, then GiC approval should be sought under this policy for the \$12 million but advising details (such as decision numbers) of the contracts already approved pursuant to Executive Council Minute No. 794.

Implementation of Policy

A principles-based approach has been adopted in the preparation of this policy. It provides the high-level requirements, but departments need to tailor processes to give administrative effect to the policy and record these in the department's financial management practice manual. For example:

- the proposed policy excludes expenditure "directly related to the day to day operational overheads of the department". Each department will need to consider its specific 'business' and determine and document what expenditure is excluded, and
- departments should document processes for approval/reporting of variances to projects approved by the accountable officer or Minister.

